

# HOUSE BUDGET COMMITTEE

## Democratic Caucus

The Honorable John M. Spratt Jr. # Ranking Democratic Member

214 O'Neill HOB # Washington, DC 20515 # 202-226-7200 # [www.house.gov/budget\\_democrats](http://www.house.gov/budget_democrats)

April 30, 2001

## Bush Budget Cuts Priority Programs

Dear Democratic Colleague,

Attached are three new reports highlighting specific aspects of the harmful cuts contained in President Bush's budget. This month's release of the President's budget has confirmed in sharp detail what Democrats have been saying for two months: in order to pay for his oversized tax cut, the President cuts funding to numerous priority programs. The three attached reports, prepared by the Democratic staff of the House Budget Committee, provide detailed analysis of cuts to programs in the following areas: low-income assistance, environmental protection, and agriculture.

In particular, the reports show that paying for the President's tax cut requires:

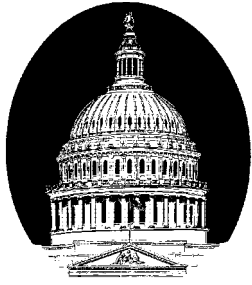
- ! eliminating over \$2.9 billion for 2002 from low-income safety-net programs (such as public housing and community health access) and from job training and community development programs that invest in those struggling to make it into the middle class;
- ! cutting more than \$1.6 billion for 2002 from a wide range of environmental programs, including programs for environmental protection, nuclear waste clean-up, and energy efficiency;
- ! ignoring the needs of America's farmers by failing to provide any specific money for agricultural emergencies (which have averaged \$9 billion per year over the last three years) and by cutting numerous programs totaling \$1.4 billion for 2002 from the budget of the Department of Agriculture.

In all, the reports remind us how steep the true costs of the President's tax cut are. We know that the tax cut undermines the solvency of Social Security and Medicare and risks returning the nation to deficits. These reports underscore the extent to which the tax cut also threatens America's priorities by cutting funding from important programs in core areas. A truly compassionate budget should not diminish our protection of the environment, farmers, and the economically vulnerable in our society. It is troubling that the reality of the President's budget does not live up to his compassionate rhetoric.

I hope that you find these reports to be helpful. Additional budget analyses, including details about cuts to other areas of the budget, are available at our website: [www.house.gov/budget\\_democrats](http://www.house.gov/budget_democrats). If you have further questions, please do not hesitate to contact me or the Democratic staff of the House Budget Committee.

Sincerely,

John M. Spratt  
Ranking Democratic Member



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### Uncompassionate Cuts for Low-Income American Families

In his campaign, President Bush promised the American people a country of compassionate conservatism, a country in which no child is left behind. He pledged that “[a]s President, I will be committed to the advancement of all Americans, including those who struggle.” Yet the President’s budget proposes an altogether different reality, one in which key services for those who struggle are sacrificed to finance an oversized tax cut skewed toward the wealthiest Americans.

The detailed budget released April 9 makes clear that “conservative” is more important than “compassionate” in the President’s priorities. In fact, the budget for 2002 makes over \$2.9 billion in cuts below the 2001 freeze level to programs primarily designed to help low-income Americans.

“As President, I will be committed to the advancement of all Americans, including those who struggle.”  
— George W. Bush, April 11, 2000.

Several programs, such as Public Housing Drug Elimination Grants and the health care Community Access Program, are eliminated entirely, and others face significant cuts below a freeze at the 2001 level. For example, public housing repairs are cut by 23.4 percent, Community Development Block Grants are cut by 8.1 percent, and job training programs are cut by 9.5 percent.

This report first details some of the cuts that the President’s budget makes in safety net programs for economically vulnerable families and children. Next, this report uncovers some of the cuts to investments that prepare all Americans — especially those with low-incomes — to participate in our nation’s prosperity. Finally, the report makes clear that these cuts to programs for the economically vulnerable are used to pay for a tax cut that is dramatically tilted in favor of the most economically secure.

## Bush Budget Cuts Safety Net For Families and Children

### Low-Income Housing Assistance

According to the Administration, 4.9 million low-income families have worst-case housing needs, paying over half of their incomes toward rent or living in severely substandard conditions. The budget makes dramatic cuts in housing assistance programs serving the poorest families.

! **Public Housing** — The budget cuts over \$1 billion from core building repair and anti-drug programs, undermining bipartisan Congressional efforts to ensure the vitality of public housing communities and the safety of the families living there. While the budget touts a \$150 million increase in one public housing grant program (the Operating Fund), this increase is more than offset by the deep cuts in other funding sources. Cuts include:

- **Public Housing Drug Elimination Grants** — The Administration terminates the \$309 million Public Housing Drug Elimination Grant program for anti-crime and anti-drug, law enforcement, and security activities in public housing communities.
- **Public Housing Capital Fund** — The budget cuts the Public Housing Capital Fund, which provides for critical building repairs, by \$700 million (23.4 percent) compared with the 2001 freeze level. A recent Department of Housing and Urban Development assessment found \$22.5 billion in unmet capital repair needs in public housing in 1998, and concluded that an additional \$2.1 billion in repair needs accrue each year. Over ten years, the Administration reduces capital repair funds for families in public housing by \$8.2 billion compared with its own estimate of the amounts necessary to maintain the level of services provided in 2001.

! **Rural Housing and Economic Development** — This \$25 million program encourages new and innovative approaches to serve the housing and economic development needs of rural populations through grants to local community-based organizations. The budget eliminates this program for

#### Selected Cuts to Safety Net Programs

<u>Program</u>	<u>Cut</u>
Community Health Care Access	ELIMINATED
Community Services Programs	\$28 million
Public Housing Anti-Drug Program	ELIMINATED
Public Housing Repairs	\$700 million
Rural Housing Program	ELIMINATED
Seniors' Programs	\$5 million
Social Services Block Grant	\$25 million
TANF Contingency Fund	ELIMINATED
TANF Supplemental Grants	ELIMINATED
All figures are cuts below a freeze at the 2001 level	

2001, citing duplication with the Community Development Block Grant (CDBG) and other rural housing and development assistance programs — which it also cuts.

- ! ***HOME Investment Partnership Program (HOME)*** — The budget freezes HOME funding at the 2001 level of \$1.8 billion, then further erodes its impact by carving out \$200 million for the Administration's new housing initiative, the American Dream Downpayment Assistance Program. State and local governments use the flexible HOME program to build and rehabilitate affordable housing for very low-income home buyers and renters.

## **Welfare and Other Social Service Programs for Vulnerable Families**

Federal social service programs provide a safety net for our most vulnerable neighbors. These programs help those who can work to do so and provide important services for the disabled, seniors, and children.

- ! ***Temporary Assistance for Needy Families (TANF)*** — The President's budget reduces TANF funding available for child care and other assistance for low-income families. TANF is the nation's primary welfare program, providing cash assistance, case management, welfare-to-work and other critical assistance to needy families with children in their efforts to find work or remain employed. TANF funds have become a particularly important source of child care funding for low-income families. In 1999, states devoted \$3 billion of their federal TANF funds to child care. Cuts to TANF funding include:
  - ***Eliminating \$319 million in TANF Supplemental Grants*** — The budget fails to renew Supplemental Grants, which provide additional funds to qualifying states with fast-growing populations and low per capita welfare spending under the standard TANF grant formula. The \$319 million in Supplemental Grants provided for 2001 comprised nine to ten percent of total TANF funds in all but three of the 17 qualifying states. In a February 2001 letter to President Bush, the National Governors' Association, on a bipartisan basis, asserted that "cuts of this magnitude would have a significant effect on continued state implementation of welfare reform." These cuts fall most heavily on poor states: the child poverty rate in qualifying states was 19.5 percent in 1999 — 25 percent higher than the child poverty rate in other states.
  - ***Eliminating the States' Safety Net*** — Despite increased evidence of state budget shortfalls, the budget fails to extend TANF Contingency Fund grants, which expire in 2001. Congress established the Contingency Fund to provide a safety net for states experiencing economic hardships, making up to \$2 billion available for this purpose.

- ! ***Social Services Block Grant (Title XX)*** — The budget provides \$1.7 billion for the Social Services Block Grant (SSBG) for 2002, a cut of \$25 million below a freeze at the 2001 level. The National Governors' Association has requested funding of \$2.38 billion for 2002, as originally allowed by the 1996 welfare reform legislation. SSBG provides states with flexible funds that can be used to meet their most pressing social services needs. These funds are used for services including child day care, services for the disabled, services for the elderly, employment, housing, and transportation. The cut comes at a time when numerous states are experiencing fiscal shortfalls.
- ! ***Services for Seniors*** — The budget provides \$1.1 billion for 2002 for appropriated programs in the Administration on Aging. This amount is \$5 million below a freeze at the 2001 level, and \$28 million below the level needed, according to CBO, to maintain current services.
- ! ***Community Services Programs*** — The budget cuts community services programs by \$28 million (4.1 percent) below the \$683 million provided for 2001. The budget eliminates funding for the Community Food and Nutrition program, the Rural Community Facilities program, and the National Youth Sports program.
- ! ***Community Access Program (CAP)*** — The budget eliminates the community access program for 2002, a cut of \$125 million for 2002. CAP funds grants to coordinate health care services to the under-insured and uninsured offered by community providers such as public hospitals, community health centers, and disproportionate share hospitals.

## Budget Cuts Investments in Struggling People and Communities

Ensuring that all Americans have access to the American dream requires investments in our people and our communities.

But the President's budget reduces investments in our workforce and in the economic development of our communities, and thus leaves many people behind.

### Workforce Development

Full participation in today's economy requires lifelong skill development. Yet, the President's budget cuts funding in workforce training and adult and vocational education,

#### Selected Cuts to Investments in People and Places

<u>Program</u>	<u>Cut</u>
Appalachian Commission	\$11 million
CDBG	\$411 million
CDFI Fund	\$50 million
Economic Development Admin.	\$86 million
Empowerment Zones	\$35 million
Job Training Programs	\$541 million
New Markets Venture Capital	ELIMINATED
Rural Community Advancement	\$278 million
Vocational and Adult Education	\$24 million
All figures are cuts below a freeze at the 2001 level	

programs designed, above all, to help people struggling to acquire the skills needed to support their families. These cuts come despite the fact that the economic assumptions in the President's budget envision an increase in the unemployment rate from 4.4 percent in 2001 to 4.6 percent in 2002.

- ! ***Workforce Training and Employment Programs*** — The budget provides \$5.1 billion for appropriated programs for training and employment services in the Department of Labor. This amount reflects an overall \$541 million (9.5 percent) cut below a freeze at the 2001 level for these programs. In particular, funding is cut below a freeze at the 2001 level for dislocated workers programs by \$207 million (13.0 percent), adult training by \$50 million (5.3 percent), youth activities by \$147 million (12.8 percent), and career centers by \$16 million (10.7 percent). Funding for job training for incumbent workers is eliminated entirely, and funding for a number of other job training programs fails to keep pace with inflation.
- ! ***Budget Cuts Funding for Vocational and Adult Education Programs*** — The budget reduces funding for appropriated programs for Vocational and Adult Education from the 2001 level of \$1.826 billion to \$1.802 billion. This is a cut of \$24 million below a freeze at the 2001 level, and a cut of \$41 million below the amount needed to maintain services at the current level.

### **Economic Development in Distressed Areas**

Last year brought bipartisan agreement on the need for community renewal in rural and urban places left behind by the economic prosperity of the last eight years. The President's budget reverses course dramatically in this area, cutting investments in numerous economic development programs designed to help all communities participate in our nation's prosperity.

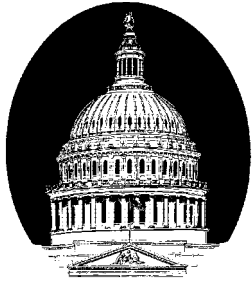
- ! ***Empowerment Zones and New Markets Initiatives***— The budget cuts funding by \$35 million for "empowerment zones," which provide tax credits designed to attract businesses to impoverished areas. The budget also eliminates funding for the New Markets Venture Capital program, a Small Business Administration Program that provides financial assistance to small businesses in poor neighborhoods. The drive to establish the New Markets Initiative was a bipartisan effort led by Speaker Hastert and President Clinton.
- ! ***Other Community Renewal Programs*** — The budget cuts \$411 million from Community Development Block Grants (CDBG), which provide funds for programs and activities for low- and moderate-income communities. Funding is also cut below a freeze at the 2001 level for the Community Development Financial Institutions Fund (CDFI) by \$50 million and for the Economic Development Administration by \$86 million. The budget cuts funding for the Appalachian Regional Commission (ARC) by \$11 million below a freeze at the 2001 level, and cuts \$278 million from the budget of the Rural Community Advancement (RCA) program which provides grants, loans, and loan guarantees to stimulate economic growth and build facilities in rural communities.

## **Cuts to Low-Income Programs Finance Tax Cut for the Wealthy**

The President's budget cuts programs for the economically vulnerable in order to fund an oversized tax cut that clearly is tilted to favor the least economically vulnerable in our society. The share of the tax cut going to the top one percent of the income distribution exceeds the share going to the bottom 80 percent. Citizens for Tax Justice (CTJ) estimates that the top one percent, with incomes averaging more than \$900,000 per year, will get an average tax cut of \$54,480. CTJ estimates that the top one percent receives 45 percent of the tax cut's benefits even though they pay only 21 percent of federal taxes. By contrast, the bottom 80 percent gets 28 percent of the tax cut's benefits, with an average cut of \$430.

The Bush budget seems designed as if the income tax were the only federal tax. In fact, three-quarters of all taxpayers pay more payroll taxes than income taxes, and the Bush budget does nothing to address this burden. This is because the Bush tax package makes no changes to the earned income tax credit (EITC), which was originally designed in part to offset the impact of payroll taxes on low-income workers.

The Bush budget and tax package stands in contrast to widespread agreement on the value of EITC for low-income working families. Advocates for low-income families suggest that EITC should be expanded for large families and married couples and simplified to streamline complex filing rules. The Heritage Foundation proposed a five-year, \$25 billion expansion of EITC for married couples with children in its 2002 *A Budget for America*. House Republicans included a ten-year, \$12.9 billion expansion of EITC in House-passed tax legislation (H.R. 6). The House Democratic alternative to the President's 2002 tax package would have expanded EITC by \$60.8 billion over ten years, increasing the value of the credit, eliminating the EITC marriage penalty and streamlining filing rules to reduce taxpayer errors.



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**April 30, 2001**

### **Bush's "New Era of Environmental Protection"**

President Bush recently marked his 100<sup>th</sup> day in office, a point at which observers traditionally stop to judge how a new President is faring. In the area of environmental protection, many observers have concluded that the President's first 100 days were largely a disaster. For example, the Wilderness Society recently declared the Bush Administration's environmental rollbacks the greatest threat to America's public lands. Environmentally harmful decisions made by the Bush Administration so far include the following:

- ! rescinding an order that would have limited arsenic in drinking water;
- ! renouncing the Kyoto agreement on global warming and reversing a campaign promise to regulate carbon dioxide emissions from power plants;
- ! delaying new hard rock mining regulations that would require companies to protect water quality, pay for cleanup, and restore public lands ruined by mining activities;
- ! proposing to drill for oil and gas in the Arctic National Wildlife Refuge; and
- ! suspending several of the Clinton administration's environmental rules, including one that would protect the remaining roadless areas in the national forests.

The President's 2002 budget request should be added to this list, because it contains significant cuts in funding for many of the crucial programs that protect public health and the environment, as well as for programs that help to develop more environmentally benign energy sources. During last year's campaign, Candidate Bush promised a "new era of environmental protection" and a "comprehensive national energy policy." This report details what the President apparently had in mind when he used those phrases.

Following is a brief analysis of overall appropriated funding in the President's budget and the general outlook for environmental funding over the ten-year horizon of the budget. Then the report describes the President's cuts for environmental protection and cleanup programs in the Environmental Protection Agency and in the Departments of Interior, Agriculture, and Energy. After that, the report outlines the President's cuts to programs related to renewable energy and energy efficiency. These programs benefit the environment by developing more environmentally friendly sources of energy and by reducing overall energy consumption.

## Budget Summary

President Bush claims that his budget increases overall funding for appropriated programs by 4.0 percent, but this claim is misleading because it masks deep cuts to domestic appropriations. The budget increases funding for defense and international affairs, but cuts funding for domestic appropriations by \$6.8 billion below the Congressional Budget Office's estimate of the level needed to maintain purchasing power at the 2001 level. After the increases for a few domestic programs are taken into account (primarily education and the National Institutes of Health), the budget cuts remaining domestic programs by an average of 6.2 percent below the 2001 level of purchasing power.<sup>1</sup>

### Environmental Appropriations (Function 300)

(budget authority in billions of dollars)

	2002	2002-2006	2002-2011
Maintain purchasing power at adjusted 2001 level	28.9	152.8	327.4
President's budget	26.4	136.1	282.7
President's budget below adjusted baseline	-2.5 (-8.7%)	-16.7 (-10.9%)	-44.7 (-13.7%)

As part of this squeeze on domestic appropriations, the President's budget has forced large cuts to important environmental and energy programs, which are scattered throughout the federal government in many different agencies. However, the way that the budget is classified allows an analysis of a major subset of environmental programs, including the Environmental Protection Agency (EPA), the Interior Department, and the National Oceanic and Atmospheric Administration (NOAA). These funding for these programs are all included in Function 300 of the budget.<sup>2</sup>

For 2002, the President's April budget provides \$26.4 billion in appropriations for Function 300. After an adjustment for the President's National Emergency Reserve Fund,<sup>3</sup> this funding

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<sup>1</sup>For further discussion, see *Summary and Analysis of President Bush's April Budget*, which can be found on the web site of the House Budget Committee Democrats.

<sup>2</sup> The nuclear cleanup programs of the Energy and Defense Departments are included in Function 050 (Defense). Research programs for global warming and renewable energy are included in Function 250 (General Science, Space, and Technology), Function 270 (Energy) and Function 350 (Agriculture).

<sup>3</sup> This adjustment removes about \$800 million in emergency appropriations for last summer's wildfires from the budget baselines for Function 300.

level is \$1.6 billion (5.7 percent) below a freeze at the 2001 level and \$2.5 billion (8.7 percent) below CBO's estimate of the level needed to maintain current purchasing power. The funding situation for environmental programs only worsens in future years. Over ten years, the President's budget provides \$282.7 billion for environmental appropriations. With the same adjustment for the National Emergency Reserve, this funding level is \$44.7 billion (13.7 percent) below CBO's estimate of the level needed maintain current purchasing power.

Although the foregoing analysis covers only a portion of the funding for environment-related programs, it illustrates how the President's budget squeezes many domestic programs over the next ten years to pay for an oversized tax cut. The rest of this report explores the details of the President's budget for environmental programs for 2002.

## **Environmental Protection Programs**

### **Environmental Protection Agency**

- ! ***Environmental Protection Agency (EPA)*** — For 2002, the President's budget provides \$7.3 billion for EPA, \$500 million (6.4 percent) less than a freeze at the 2001 level. This funding level is \$800 million (9.4 percent) below CBO's estimate of the level needed to maintain current purchasing power. As described below, this cut falls mostly on aid for water infrastructure as well as science and technology programs and EPA's enforcement and compliance efforts.
- ! ***Water Infrastructure*** — For 2002, the President's budget provides \$850 million for the Clean Water State Revolving Fund (SRF) Program, not even two-thirds of last year's enacted level. As a consolation, the budget does contain \$450 million for a new grant program that Congress created last year to address the lingering problem of sewer overflows. For the Drinking Water SRF Program, the budget provides \$823 million, the same funding as last year. Finally, the budget zeroes out \$335 million in water infrastructure aid outside of the aforementioned programs. Overall, the cut to water infrastructure aid totals \$382 million from the 2001 freeze level. This cut comes as bipartisan coalitions in both the House and the Senate prepare to push for increased federal assistance to address the country's unmet clean water and drinking water needs.
- ! ***EPA Science and Technology Programs*** — The Administration has said that it wants to make environmental decisions based on sound science, but at the same time it is cutting programs that provide the scientific basis for those decisions. Overall, the budget cuts EPA's science and technology account to \$641 million, a decrease of \$54 million (7.7 percent) from the 2001 freeze level. This cut includes a \$4.5 million cut to safe drinking water research and a \$6.3 million cut to research on key air pollutants.

- ! ***EPA Enforcement Staff*** — The President’s budget cuts the agency’s regulatory enforcement staff by over 220 positions. By the agency’s own estimates, this will result in 2,000 fewer inspections, 50 fewer civil investigations, and 50 fewer criminal investigations by EPA. This cut is part of an effort to shift enforcement of environmental requirements to the states; the budget provides \$25 million in new grants to help pay for states’ enforcement activities. States may be unwilling or unable to enforce limits on pollution that crosses state boundaries. They may also be reluctant to enforce environmental requirements on powerful corporations that are major employers in the state.

## **Department of Interior**

- ! ***New Conservation Category Flat-Lined*** — The President’s budget backtracks on last year’s landmark agreement to set aside and protect funds for land and water conservation programs.<sup>4</sup> Last year, an overwhelming and bipartisan majority in Congress voted to create a new category of appropriated funding for land and water conservation programs. For 2001-2006, the funding in this new category is “fenced off” from other appropriated funds, and if appropriators do not utilize all of the funds in the category in any one year, any unused funding is available for appropriation the next fiscal year.

The category was set at \$1.6 billion for 2001 and is scheduled to grow by \$160 million per year through 2006, when it will reach \$2.4 billion. However, the President’s budget abandons this funding schedule and flat-lines conservation funding, resulting in \$2.7 billion less in dedicated conservation appropriations over the five-year period. During consideration of the budget resolution, the Senate approved an amendment to undo the President’s cut to the conservation category for 2002.

- ! ***Land and Water Conservation Fund (LWCF) Programs*** — The LWCF was established to fund purchases of land and water for outdoor recreation. The President’s budget claims to provide “full funding” for LWCF programs, \$900 million split evenly between federal agencies and grants to states. In fact, the President’s budget provides only \$390 million for federal land acquisition and uses the remaining \$60 million for unrelated assistance for private landowners.

As for the state LWCF grants, the Administration claims to provide \$450 million for 2002 and calls this amount a \$360 million increase over last year’s funding level. However, that size increase is made possible only by repackaging funding for existing

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Act. <sup>4</sup> The conservation agreement was enacted as Title VIII of the 2001 Interior Appropriations

programs that provide conservation assistance to states. For example, the budget folds funding for the following programs into its total for state LWCF grants:

- ▶ Urban Park and Recreation Recovery Grants (\$30 million),
- ▶ Cooperative Endangered Species Conservation Fund (\$50 million),
- ▶ North American Wetlands Conservation Fund (\$25 million), and
- ▶ State Wildlife Grants (\$50 million).

Thus, the budget provides states with “new” LWCF funding but asks them to use it to make up for the elimination of other conservation assistance.

! ***Drilling in the Arctic National Wildlife Refuge*** — The President’s budget assumes the opening of the Arctic National Wildlife Refuge (ANWR) for oil and gas drilling. This highly controversial proposal threatens an irreplaceable natural treasure while adding a limited amount to the nation’s oil and gas supplies. Although this proposal is assumed in the budget, the Administration cannot implement it without new legislation. Both the House and the Senate rejected this proposal when crafting their respective budget resolutions.

! ***Cuts to Water Programs at U.S. Geological Survey (USGS)*** — The President’s budget cuts the USGS budget to \$813 million, \$69 million (8.5 percent) below the 2001 freeze level. This overall cut includes \$20 million from the National Water-Quality Assessment Program (NAWQA) and \$10 million from the Toxic Substances Hydrology Program. NAWQA does essential water-quality monitoring and research to assess the state of the nation’s waters and the pollution threats to those waters. The Toxic Substances Hydrology Program monitors for toxic substances in ground and surface water.

## **Department of Agriculture**

! ***Wetlands Reserve Program (WRP)*** — The President’s budget eliminates the Wetlands Reserve Program, a cut of \$162 million from the 2001 enacted level. This voluntary program purchases long-term conservation easements from farmers to protect wetlands, thereby improving water quality and protecting wildlife. By protecting wetlands, the program also helps to lessen the severity of flooding along waterways.

The Administration considers WRP to have completed its mission because it is due to reach its authorized acreage cap this year. However, the program has been so popular that roughly three-fourths of interested farmers and ranchers have been turned away due to lack of funding. To many, the unmet demand for enrollment in the WRP demonstrates the need to extend the program, not terminate it.

! ***Other Agriculture Conservation Programs*** — The President’s budget also eliminates other popular and effective conservation programs for agricultural producers: the Wildlife Habitat Incentives Program, the Farmland Protection Program, Soil and Water Conservation Assistance, and the Forestry Incentives Program. The budget claims these programs have completed their term or mission.

## **Department of Energy’s Environmental Cleanup**

The President’s budget cuts the efforts to clean up nuclear and other hazardous waste at numerous Department of Energy (DOE) sites throughout the country. These sites were contaminated during the production of nuclear weapons or during other federally sponsored nuclear-related activities. The budget provides \$5.9 billion for cleanup activities for 2002, which is \$354 million (5.6 percent) below the 2001 appropriated level, and 8.3 percent below the level needed to maintain purchasing power at the 2001 level.

The DOE’s Environmental Management program is largely responsible for the cleanup of these contaminated facilities. A total of 113 geographic sites were contaminated by DOE’s nuclear-related activities. These sites are located in 30 different states and occupy 2 million acres, approximately the size of Rhode Island and Delaware combined. Cleanup has been completed at 71 of the 113 sites, but the largest and most problematic sites (particularly those involved in the production of nuclear weapons) remain highly contaminated. Environmental funding is cut for most sites in the DOE complex. Funding is cut for 10 of the 13 states in which major cleanup sites still remain.

In addition to cutting funding for cleanup activities, the President’s budget cuts funding for research to make cleanup of radioactive and other highly toxic waste faster, safer, and more cost effective. The budget provides \$196 million for cleanup-related science and technology, which is \$56 million (22 percent) below the 2001 appropriated level of \$252 million. Ironically, in its budget justification material, the agency states that it has identified 650 “high” and “medium” priority cleanup technology programs that are needed to reduce costs and accelerate cleanup schedules.<sup>5</sup> Despite the obvious need for improved cleanup technology, the budget inexplicably cuts funding for these programs.

## **Renewable Energy and Energy Efficiency**

The Administration recognizes that the nation is facing an energy crisis. However, rather than advocating a balanced response that both increases energy supply and reduces demand, the

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<sup>5</sup> Department of Energy, FY 2002 Congressional Budget Request, Volume 5, pp.16-17.

Administration has put forward a budget heavily skewed toward increased production, mostly from fossil fuels. Such an energy policy carries with it high environmental costs.

Most observers expected that President Bush and Vice-President Cheney, both of whom have extensive experience in the oil industry, would pursue an energy policy that encouraged increased gas and oil production. However, as a candidate last fall, the President also made statements in favor of renewable energy. As detailed below, the President's budget request is not consistent with those statements. Furthermore, the budget cuts energy conservation.

- ! ***The President Breaks His Promise to Support Renewable Energy*** — Last fall, President Bush's Energy Issues Statement declared, "Governor Bush understands the promise of renewable energy and believes strongly in encouraging alternative fuel sources such as wind, biomass, and solar." In a speech given in Saginaw, Michigan on September 29, 2000, President Bush said, "to enhance America's long-term energy security, we must continue developing renewable sources of energy. . . Promoting renewal [sic] energy is a goal all America should share." In contrast to these statements, President Bush's budget cuts renewable energy resources by more than a third from the 2001 freeze level (see table below).

### **Pulling the Plug on Renewable Energy Resources**

(millions of dollars)

	2001 freeze level	Bush Budget for 2002	Funding Change	Percentage Cut
Biomass/Biofuels Energy Systems	86.3	80.5	-5.8	-6.7%
Geothermal Technology Development	26.9	13.9	-13.9	-51.7%
Hydrogen Research	26.9	13.9	-13.0	-48.3%
Hydropower	5.0	2.5	-2.5	-49.9%
Solar Energy	92.7	42.9	-49.7	-53.7%
Wind Energy Systems	39.6	20.5	-19.1	-48.2%
Other	95.9	63.2	-32.7	-34.1%
<b>Total, Renewable Energy Resources</b>	<b>373.2</b>	<b>237.5</b>	<b>-135.7</b>	<b>-36.4%</b>

- ! ***Energy Supply*** — The President's budget provides \$505 million for applied energy research and development programs as well as programs providing environmental oversight and mitigation. This level represents a cut of \$172 million (25.4 percent) from the 2001 baseline level and a cut of \$156 million (23.6 percent) from the 2001 freeze level. Of the total, the budget provides \$237 million for renewable energy resources (a decrease of \$136 million or 36.4 percent from a freeze at the 2001 level)

and \$223 million for nuclear energy research (a cut of \$23 million or 9.3 percent from a 2001 freeze level).

- ! **Energy Conservation** — The budget includes \$795 million for energy conservation programs, which is \$20 million (2.5 percent) below a freeze at the 2001 level. As the table below demonstrates, because this category includes the \$120 million increase for the Weatherization Assistance Program, the cuts to other programs is much larger.

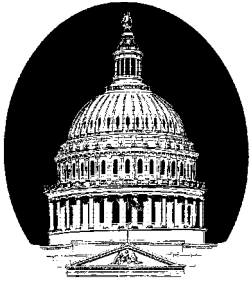
Energy conservation programs seek to increase energy productivity and lower the amount of energy used to accomplish a stated task. Through partnerships with others and unique research, these programs make buildings more efficient and affordable; make vehicles more fuel efficient and less polluting; and find ways to reduce energy consumption that create jobs and boost productivity.

#### **Energy Conservation Funding in Function 270**

(budget authority in millions of dollars)

	2001	2002	Percent Change
Weatherization Grants	152.7	273.0	+ 78.8
Building Technology R&D	104.6	56.1	-46.3
Industry Sector	148.6	87.7	-41.0
All Other	409.5	378.2	-7.6
<b>Total, Energy Conservation</b>	<b>815.4</b>	<b>795.0</b>	<b>-2.5</b>

- ! **Global Climate Change** — During consideration of the budget resolution, the Senate approved a Democratic amendment to add \$4.4 billion over ten years (2002-2011) for activities related to global climate change. Democrats offered this amendment to reverse the President's cuts to a range of programs aimed at understanding the global climate, voluntarily reducing greenhouse gas emissions, and spurring innovation in energy technologies.



# HOUSE BUDGET COMMITTEE

## Democratic Caucus

The Honorable John M. Spratt Jr. # Ranking Democratic Member

214 O'Neill HOB # Washington, DC 20515 # 202-226-7200 # [www.house.gov/budget\\_democrats](http://www.house.gov/budget_democrats)

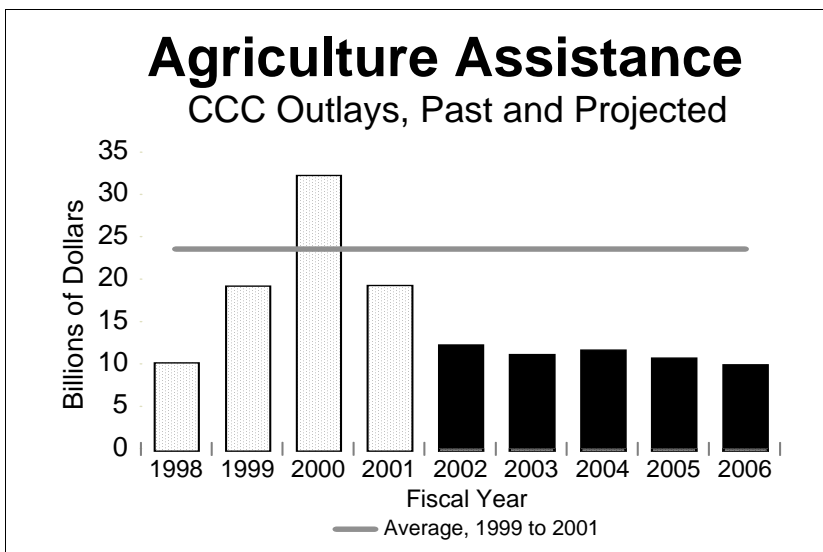
April 30, 2001

### **President Bush's Budget Ignores the Farm Safety Net and the Realities of the Current Farm Economy**

The Bush budget and the budget passed by the House Republicans ignore the key needs of America's farmers. Even though the Senate provided additional funding for agriculture, and farm groups have made it clear that more money is needed, the Bush budget and the House Republican budget ignore the need. While squeezing the delivery system and cutting agricultural research dollars, the Bush budget claims that "commodity prices are improving, [and] net cash income is projected to be over 90 percent of the average income in the 1990s." Prices may be inching up from Depression-era lows, but they are not rising fast enough for farmers to make a living this year without additional assistance. Net cash income has risen only because of farm programs and, in many cases, because farm families have taken second jobs off the farm to supplement household income.

#### **Emergency Spending**

Agriculture has received over \$27 billion in ad hoc emergency spending since 1998, in response to both natural disasters and very low commodity prices. Crop yield loss as a result of drought or floods is difficult to predict, and historically assistance for crop yield loss has been



provided through emergency spending. However, much of the emergency spending in the past three years has also included income support because of desperately low prices, in addition to crop yield loss assistance; and the need for income assistance is likely to continue. It is unrealistic to expect that the levels of agriculture spending assumed in 2002 and beyond, which are based on only the *non-emergency* spending levels for agriculture in the recent past, will be sufficient to support America's farmers in today's farm crisis.

Bipartisan coalitions of farm groups have repeatedly underscored the need for additional assistance in hearings before the House Agriculture Committee, asking for as much as \$12 billion more per year. The Senate recently added \$59 billion to the budget over ten years for agriculture assistance, recognizing that the President's budget and the House Republican budget fall far short.

## **Empty Reserve Funds**

Because the budget does not include any specific money to help farmers, some have suggested that the "reserve funds" in the Republican budgets could be used for this purpose. However, these reserve funds are not sufficient or available for this purpose.

There are two reserve funds in the President's budget: the National Emergency Reserve Fund (\$5.6 billion for 2002) and the Contingency Reserve Fund (\$841 billion over ten years), but neither of the two is sufficient to provide real help for farmers. First, the Emergency Reserve Fund falls short of the historical average amount Congress has spent on emergencies, *not including agriculture*, by over \$1 billion. For agriculture, Congress has appropriated an average of \$9.0 billion per year for emergency payments over the past three years. If the entire reserve fund is used for agriculture — meaning no money for defense emergencies, earthquakes, forest fires, or anything else besides farmers — the reserve fund contains less than two-thirds of the average amount farmers have received in the past.

The Contingency Reserve Fund, which raids the Medicare Trust Fund, cannot be credibly said to contain money for farmers either. The Contingency Reserve Fund is used as a panacea for all that is lacking in President Bush's budget. It is cited at various points in the budget documents to pay for a Medicare Prescription Drug Program, additional defense spending, transition costs for a new Social Security system, faulty ten-year economic forecasts, and any other need left unaddressed. The Contingency Fund runs out of money long before it runs out of uses, and all of the uses reduce the amount of debt repaid (for which the President's budget has already claimed credit).

## **The Incredible Shrinking Contingency Fund**

**Claimed Contingency Fund \$841 billion**

**Save the Medicare Surplus \$317 billion**

Individual Social Security Accounts \$??? billion

Boost Defense as a % of GDP \$??? billion

Agriculture Policy Changes \$??? billion

National Missile Defense \$??? billion

Economic Downturn \$??? billion

Estimating Errors \$??? billion

Bigger Tax Cut \$??? billion

Fix the AMT \$??? billion

Thus, under President Bush's reserve fund framework, agriculture competes with other priorities such as saving the Medicare Trust Fund, reducing debt, and strengthening defense, not only in terms of dollars, but also in terms of time. The Agriculture Committees must race to complete the commodity title of the Farm Bill, fracturing the important coalitions needed for reauthorization of the full Farm Bill. And since agriculture needs must be financed from the same pool of funds as defense needs, additional pressure is placed on the Committees. If the Pentagon completes its review before the Agriculture Committees finish their work, there may not be much — or anything — left for farmers.

### **Appropriated Programs**

President Bush's budget provides \$4.8 billion for appropriated agriculture (that is, Function 350) programs for 2002, which is \$122 million below the amount needed, according to CBO, to maintain current purchasing power. On the same basis, the President's budget cuts Function 350 by \$1.4 billion over the ten-year period (2002-2011).

- ***Departmental Funding*** — For 2001, USDA received \$19.3 billion for appropriated programs<sup>6</sup>. President Bush's budget provides \$17.9 billion, a cut of \$1.4 billion (7.4 percent) *before* accounting for inflation. In order to keep USDA's purchasing power constant, CBO estimates the department would require \$19.6 billion, and so President Bush has suggested an 8.7 percent cut from that level.

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<sup>6</sup>The USDA discretionary budget includes funding from Function 350 (Agriculture), as well as funding from Functions 150 (International Affairs), 270 (Energy), 300 (Natural Resources and Environment), 370 (Commerce and Housing Credit), 450 (Community and Regional Development), 550 (Health), and 600 (Income Security).

<b>President Bush's Budget Falls Short for USDA</b> (Dollars in Billions)			
The President Provides	Last Year's Level	Below Last Year	Percent Cut
17.9	19.3	-1.4	-7.4%
	Amount Needed to Keep Pace with Inflation	Below Level Needed	Percent Cut
	19.6	-1.7	-8.7%

## Where are the Reductions Made?

In Iowa on September 1, 1999, President Bush promised, "I will use all the leverage at our disposal to open agriculture markets worldwide." His budget, however, makes cuts to the Foreign Agriculture Service, whose primary mission is to improve foreign market access for U.S. products, and makes cuts to the Marketing and Regulatory Programs, whose primary missions are to expand the domestic and international marketing of U.S. agricultural products and to protect the health and welfare of animals and plants.

- ***Foreign Agricultural Service (FAS)*** — The budget cuts P.L. 480 Title I, which provides concessional sales of U.S. agricultural commodities to developing countries and private entities, by \$112 million from last year's level. The Section 416 (b) Program, which donates surplus commodities to carry out programs of assistance in developing countries, and friendly countries is cut by \$565 million from last year's level. The FAS helps farmers by expanding export opportunities for U.S. agricultural, fish, and forest products and promoting world food security.
- ***Marketing and Regulatory Programs*** — President Bush's budget for 2002 provides \$1.2 billion for marketing and regulatory programs at USDA, a \$231 million cut below the 2001 freeze level. These programs improve market competitiveness and the farm economy for the overall benefit of both consumers and American agriculture, and are administered by the Animal and Plant Health Inspection Service (APHIS); the Grain Inspection, Packers, and Stockyards Administration (GIPSA); and the Agriculture Marketing Service (AMS).
- ***Reductions in Agricultural Research*** — USDA spent \$2.3 billion for its four research and education agencies for 2001. For 2002, these agencies face a \$173 million cut below a freeze level.

## USDA Research, Education, and Economics Agencies

(Dollars in Millions)

Program	2001	President's Budget	Change
Agricultural Research Service (ARS)	1,012	969	-43
Cooperative State Research, Education, and Extension Service (CSREES)	1,138	994	-144
Economic Research Service (ERS)	66	67	+ 1
National Agricultural Statistics Service (NASS)	101	114	+ 13
<b>Total Research Budget</b>	<b>2,317</b>	<b>2,144</b>	<b>-173</b>

- Fewer Resources and New Priorities for Research*** — President Bush's budget reduces the overall level of USDA research funding and redirects remaining resources. The President's budget sets aside \$12 million for additional work to prevent and control exotic diseases and pests with special emphasis on Bovine Spongiform Encephalopathy (BSE or "mad cow disease"), \$7.5 million to support work on biotechnology, and \$15 million for work on biobased products and bioenergy to overcome technical barriers to low-cost biomass conversion. But because there is no corresponding increase in overall resources, these shifts mean an additional \$35 million cut to other current research programs, on top of the \$173 million overall cut already in the budget.